TEACHERS' RETIREMENT BOARD

INVESTMENT COMMITTEE

SUBJECT: Monthly Status Reports	ITEM NUMBER: 9
	ATTACHMENT(S): 6
ACTION: _____	DATE OF MEETING: July 9, 2003
INFORMATION: X	PRESENTER(S): Christopher J. Ailman & the Investment Staff

Executive Summary:

Attached are the monthly activity status reports for the following units:

a. Chief Investment Officer Report – Christopher J. Ailman
b. Alternative Investments – Réal Desrochers
c. Credit Enhancement – Jean Kushida Uda
d. Fixed Income - Michelle Cunningham
e. Internal Equities – Steven Tong
f. Real Estate – Mike DiRé

Under the Committee's direction to streamline the agenda and allow more time for policy discussions, the monthly status reports are presented as one group. Additionally, staff will not make a presentation for each report; but rather, will only come forward should questions arise from the committee members.

At the request of the Investment Committee, the monthly status reports have been rearranged to show the CIO's Report first. This report contains the monthly performance report of all assets of the Fund. The Investment Summary as noted on page 7, does not reflect performance returns of major asset categories for Real Estate or Private Equity. The return on these long-term investments is reported semi-annually in September and March (by the consultants) to the Board.

Background:

A critical part of the Committee's fiduciary responsibility is to monitor the investment program. These monthly reports represent the ground level of that monitoring. The Committee also receives semi-annual reports, as well as annual reports on all the activities within the Investment Branch.

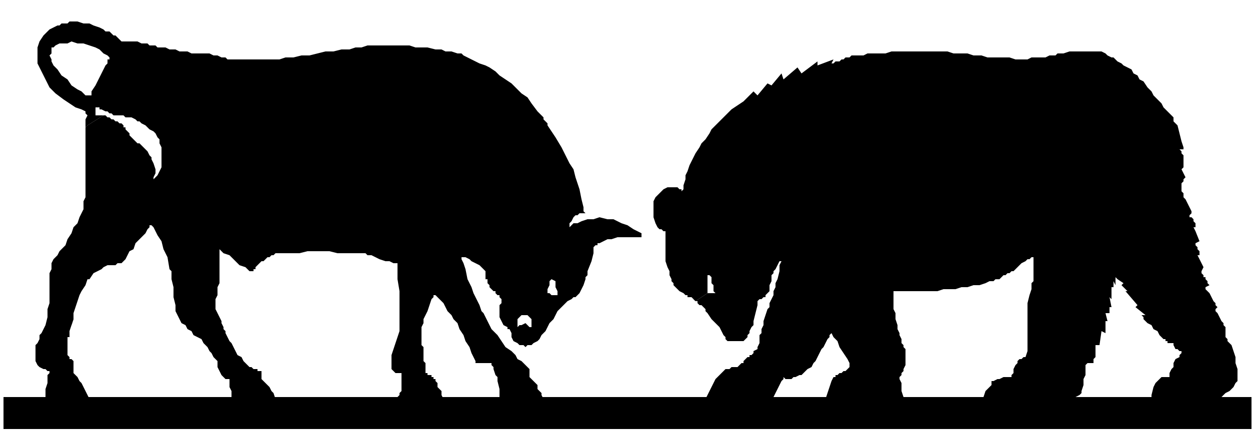
Time permitting, the Chief Investment Officer will share a few graphs to highlight important events in the financial markets or within the portfolio.

Attachment - a

CalSTRS

Investment Committee
Monthly Status Report
From the

CHIEF INVESTMENT OFFICER



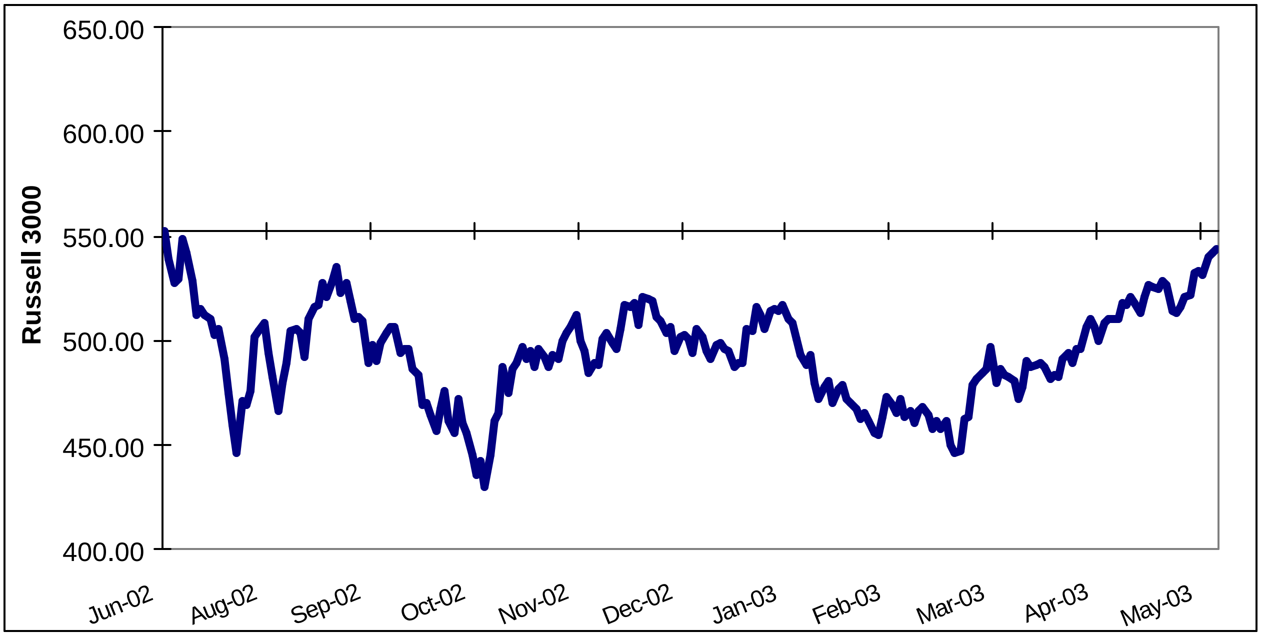
Chief Investment Officer Report for the
July 9, 2003, Investment Committee Meeting.

Attached are the monthly reports for the period ending May 30, 2003. Listed below is a brief summary of the developments that have occurred in the financial markets through 11/12ths of the fiscal year. They serve as a backdrop for the results listed in the report.

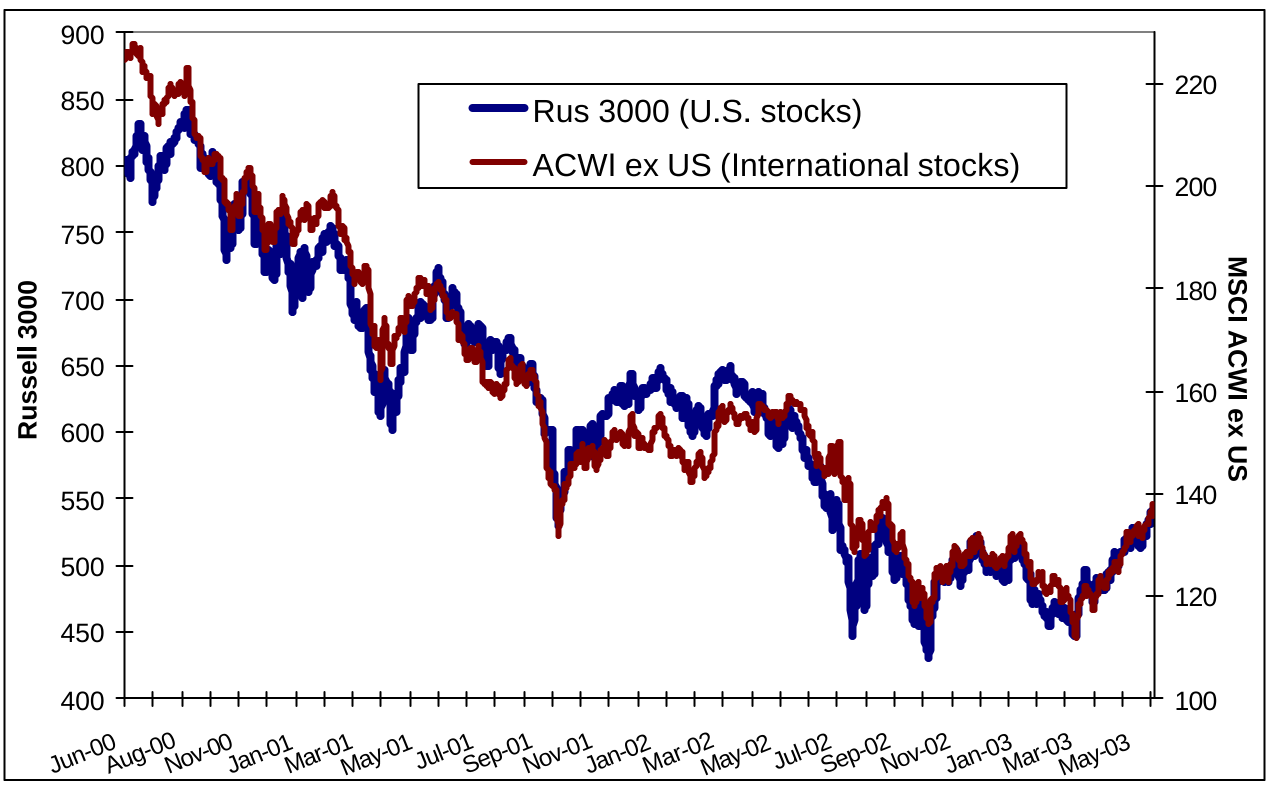
The second page provides a daily graph of the U.S and Non-U.S. equity markets. The remaining pages of the report are generated by the Investment Operations team to assist the Committee in the oversight and monitoring of the Fund. The CIO will also provide a further verbal update at the meeting on the status of the investment fund and various issues.

	June 30, 2002	May 30, 2003	Direction
Interest rates:			
Federal Funds	2.00%	1.25%	↓ ¾ Fed Ease
10-year U.S. Treasury Note yield	4.80%	3.35%	↓ Lower 145 BP
30-year U.S. Treasury Bond yield	5.50%	4.36%	↓ Lower 114 BP
U.S. Equity market:			
Russell 3000 Index	552.65	540.22	↓ Down 12.43
S&P 500 Index	989.82	963.59	↓ Down 26.23
NASDAQ Index	1463.21	1595.91	↑ **Up 132.70**
Non-U.S. Equity market:			
MSCI ACWI free (ex. U.S.)	149.24	135.70	↓ Down 13.54
MSCI EAFE	1123.00	1003.78	↓ Down 119.22
MSCI Emerging Markets	319.75	315.44	↓ Down 4.31
Currencies:			
Euro in U.S.$	.99	1.182	↓ Weaker U.S. $
Yen per U.S. $	119.59	119.35	↓↑ Trading range
British Pound in U.S.$	1.48	1.64	↓ Weaker U.S. $
Commodities:			
Crude Oil per barrel	$26.86	$29.56	↑ Up $2.70
Gold	$318.50	$361.40	↑ Up $42.90
Mega Watt Hour (CA-OR on-peak)	$23.38	$50.05	↑ Up $26.67

The chart below displays the daily price movement of the U.S. equity market, as measured by the Russell 3000 index, for the current Fiscal-Year 2002-2003.



This chart provides a comparison of the daily U.S. and Non-U.S. equity market price change since June 30, 2000. Note the tight correlation of the global markets over the past 3 years.



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CalSTRS INVESTMENT COMMITTEE

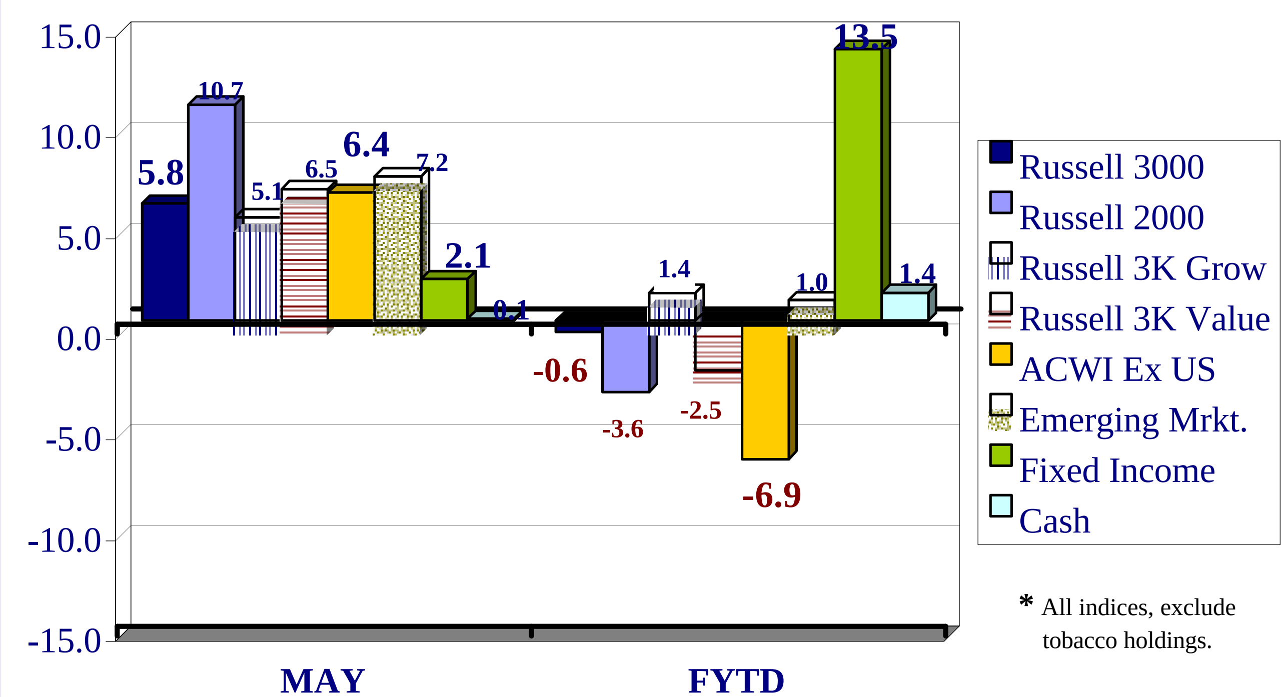
Chief Investment Officer Report

Capital Market Environment

May 31, 2003

Russell 3000 January 1, 1999 - June 6, 2003 (Weekly Price)

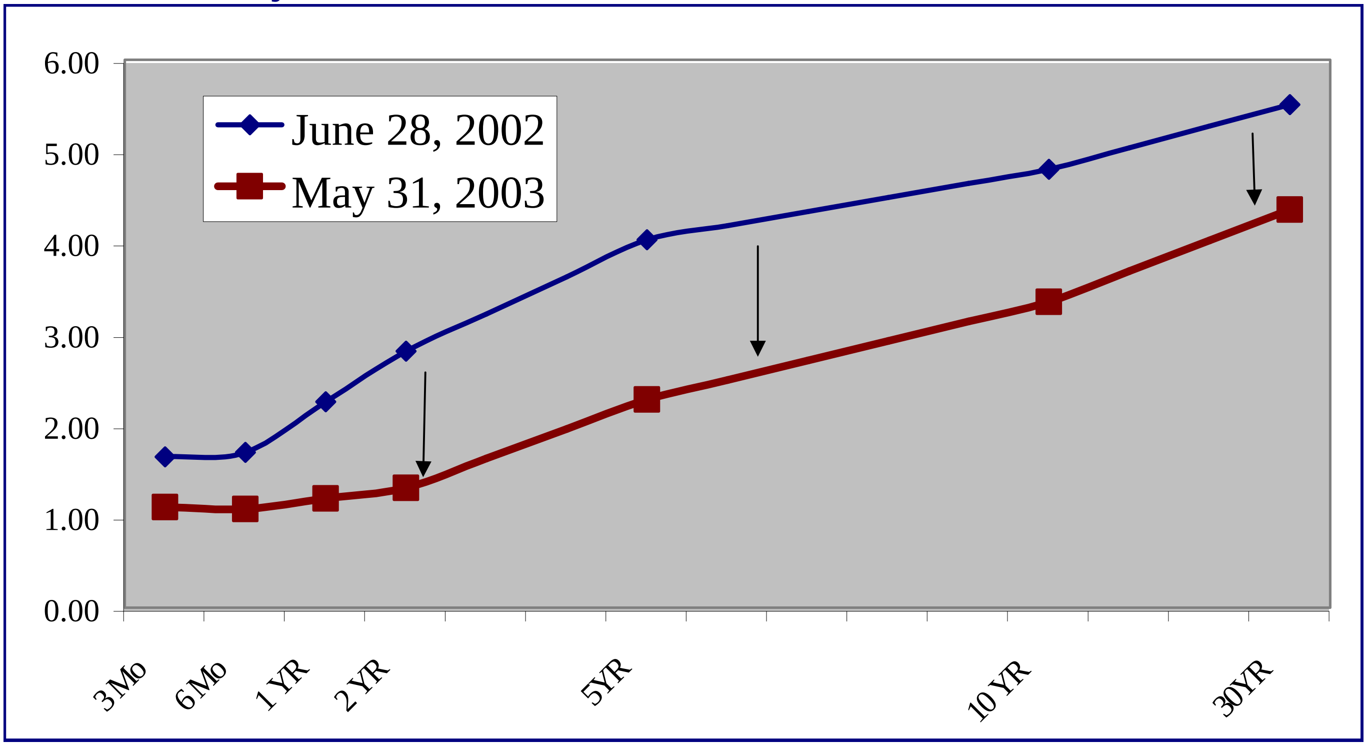
Capital Market Returns - Month of May and the Fiscal Year to date



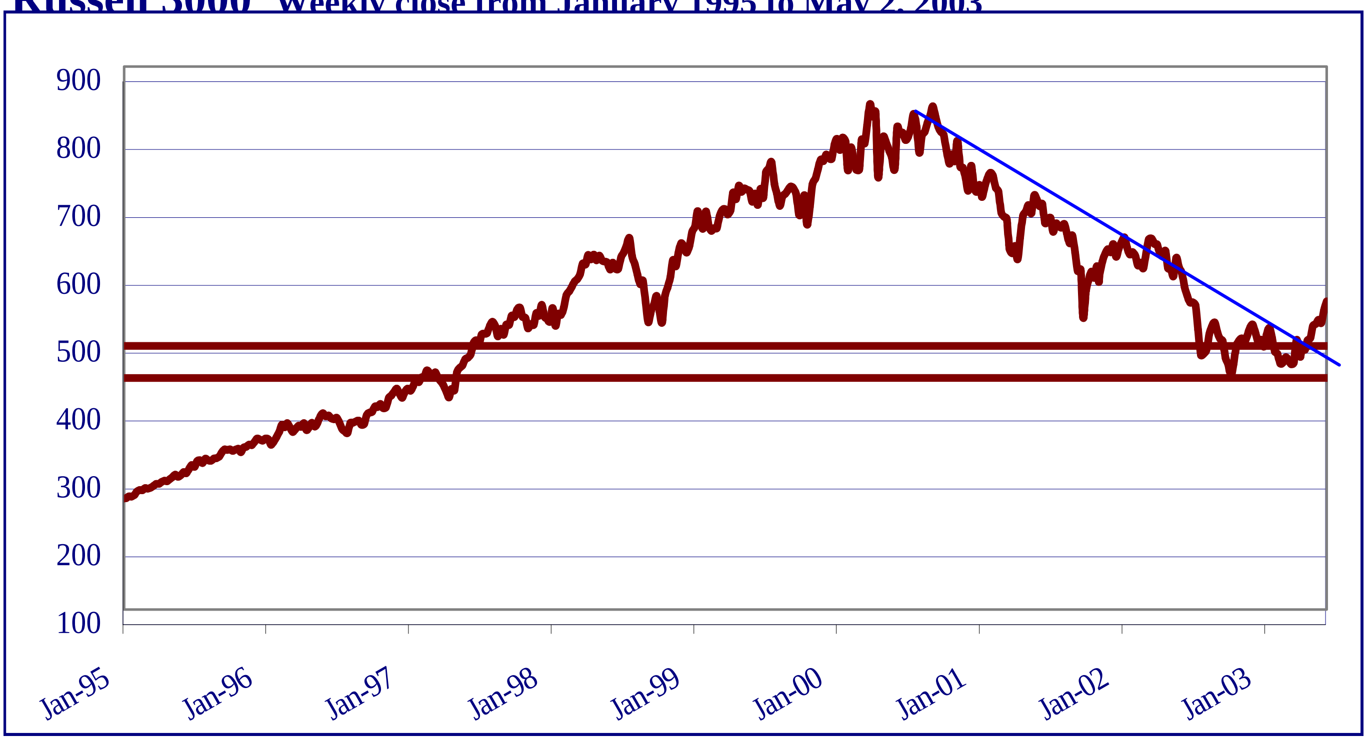
Capital Markets Data

U.S. Treasury Yield Curve

Fiscal Year 2002 - 2003

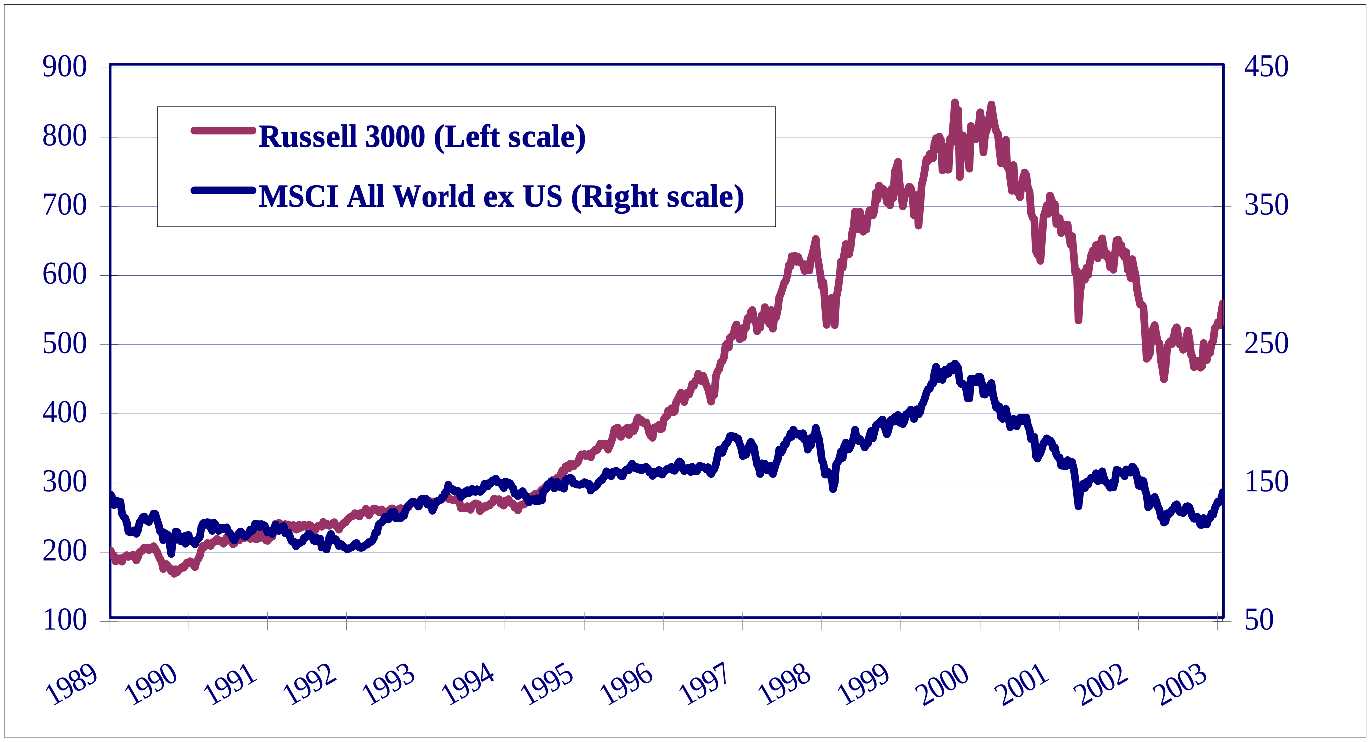


Russell 3000 Weekly close from January 1995 to May 2, 2003

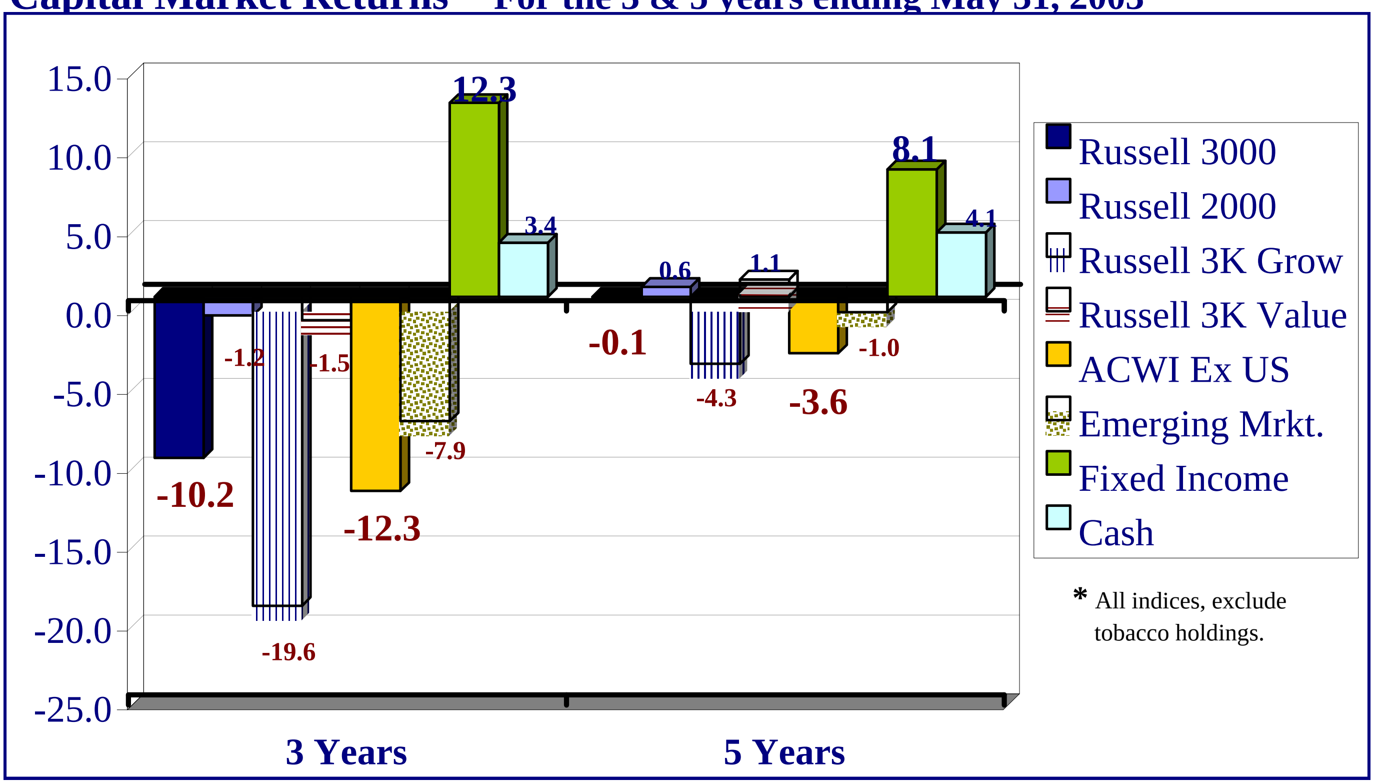


Review of Long-Term Capital Markets Data

US and Non-US equities since the 1990's



Capital Market Returns - For the 3 & 5 years ending May 31, 2003



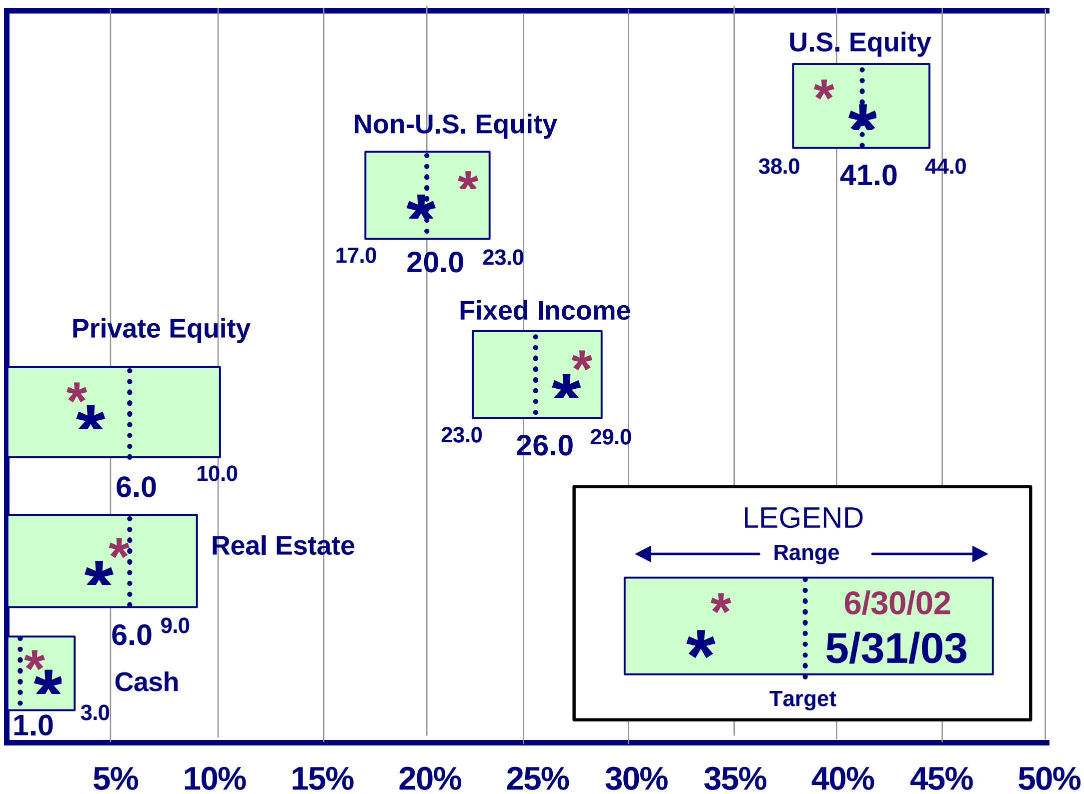
CalSTRS Retirement Fund
Monthly Asset Allocation Report

As of May 31, 2003

	FY '02-'03 TARGETS	ACTUAL May-03	Off Target (000s)
U.S. Equity	41%	41.0%	$ (15,796)
Non-U.S. Eq.	20%	19.9%	$ (87,334)
Fixed Income	26%	27.4%	$ 1,365,706
Private Equity	6%	4.9%	$ (1,114,666)
Real Estate	6%	4.8%	$ (1,197,458)
Cash	1%	2.1%	$ 1,049,548

Current Allocation

versus Long Term Targets and Policy Ranges



California State Teachers' Retirement System
Investment Summary
For the Period ended May 31,2003

Investment Summary - Market Value *(amounts in millions)*

Asset	This Month		One Year Ago		Three Years Ago		Five Years Ago	
US Equity	$ 38,276	40.2%	$ 38,808	38.7%	$ 47,591	43.0%	$ 35,698	41.0%
Non-US Equity	18,583	19.5%	21,687	21.6%	28,286	25.6%	18,521	21.2%
US Debt	26,665	28.0%	27,930	27.9%	26,523	24.0%	25,541	29.3%
Global Asset Allocators	N/A	N/A	N/A	N/A	N/A	N/A	2,575	3.0%
Real Estate	4,672	4.9%	5,203	5.2%	3,113	2.8%	1,820	2.1%
Private Equity	4,715	5.0%	4,401	4.4%	4,470	4.0%	1,841	2.1%
Liquidity	2,323	2.4%	2,240	2.2%	677	0.6%	1,169	1.3%
Total Market Value	$ 95,234	100.0%	$ 100,269	100.0%	$ 110,660	100.0%	$ 87,165	100.0%

Performance Returns for Major Asset Categories

Asset	Month	Fiscal YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.
US Equity	5.77	-0.34	-7.30	-9.88	-0.72	9.18
Non-US Equity	5.82	-7.45	-11.13	-11.71	-2.61	3.62
US Debt	2.03	13.31	13.77	12.03	7.97	8.23
Real Estate	N/A	N/A	6.75	10.06	12.58	8.35
Private Equity	N/A	N/A	-5.69	-4.21	11.94	17.62
Liquidity	0.18	2.91	3.17	4.75	5.30	5.42
Total Fund	4.09	2.33	-1.29	-3.15	2.64	7.44
Indicies						
US Equity History *	5.82	-0.57	-7.45	-10.44	-1.03	9.47
Non-US Equity History *	6.35	-6.87	-10.87	-12.31	-3.58	2.66
US Debt History	2.06	13.49	14.31	12.30	8.08	8.16
Real Estate History	N/A	N/A	6.77	8.45	10.26	9.11
T-Bill	0.10	1.32	1.46	3.28	3.96	4.42
Consumer Price Index	-0.22	1.94	2.00	2.26	2.41	2.43

Allocations of Cash and Reallocations of Assets
(does not include changes in the market value)

	Current Month	Past 12 Months
Cash Inflow:		
Contributions & misc receipts	$ 382.0	$ 5,164.6
Less: Benefits & misc. payments	$ (770.3)	$ (5,127.1)
Investment Income	$ 419.8	$ 4,642.8
Total Cash Inflow	$ 31.6	$ 4,680.3
Cash Allocation:		
US Equity	$ 107.5	$ 5,638.7
Non-US Equity	$ 115.6	$ 670.0
US Debt	$ (42.4)	$ (2,990.5)
Real Estate	$ 69.3	$ 693.6
Private Equity	$ 77.4	$ 780.4
Liquidity	$ (295.8)	$ (103.8)
Total Cash Allocation	$ 31.6	$ 4,680.3

* Indicies reflect ex Tobacco returns beginning 9/1/2000

California State Teachers' Retirement System
Investment Structure
For the period ended May 31, 2003

Asset Allocation Percentage

Assets	Actual	Target	Difference	Range
Public Equity	60.9%	61.0%	(0.1%)	56 - 68
Public Debt	29.4%	27.0%	2.4%	23 - 32
Real Estate	4.8%	6.0%	(1.2%)	3 - 9
Private Equity	4.9%	6.0%	(1.1%)	3 - 9
Total Investment Assets	100.0%	100.0%		

Which can be compared to the strategic targets .....

Active - US Equity	9.9%	8.2%	1.7%	5-11
Passive - US Equity	31.1%	32.8%	(1.7%)	30-36
TOTAL US EQUITY	***41.0%***	***41.0%***	***(0.0%)***	***38 - 44***
Active - Non-US Equity	8.9%	10.0%	(1.1%)	7 - 14
Passive - Non-US Equity	11.0%	10.0%	1.0%	7 - 14
TOTAL NON-US EQUITY	***19.9%***	***20.0%***	***(0.1%)***	***18 - 24***
US DEBT	**27.4%**	**26.0%**	**1.4%**	**23 - 29**
LIQUIDITY	**2.1%**	**1.0%**	**1.1%**	**0 - 3**
REAL ESTATE	***4.8%***	***6.0%***	**(1.2%)**	**3 - 9**
PRIVATE EQUITY	***4.9%***	***6.0%***	**(1.1%)**	**3 - 9**
TOTAL INVESTMENT ASSETS	100.0%	100.0%		

California State Teachers' Retirement System
Investment Summary
For the Period Ended May 31, 2003

Currency Hedging - Market Value (amounts in millions)

Managers	Pacific Basin		European		Total	
Active International	$2,207.35	1.0%	$ 5,950.83	0.4%	$8,158.18	0.6%
Passive International	$2,565.02	1.5%	$ 6,832.19	0.0%	$9,397.21	0.4%

** Does not include emerging market securities, Canadian stocks, cash or accruals.*

Currency Realized Gains/(Losses) (amounts in millions)

Managers	Currency Realized Gains/(Losses)		
	1 Month	1 Year	Since Inception
Active International	$0.00	($12.10)	$95.88
Passive International	$0.00	($33.27)	$603.06

Securities Lending Income

Asset	Current Fiscal Year 07/02-05/03	vs.	Prior Fiscal Year 07/01-05/02
Domestic Equity	$9,147,661		$17,512,911
International Equity	$24,237,140		$30,676,785
US Treasury	$23,052,792		$32,708,968
Other Fixed Income Securities	$2,465,215		$2,385,674
Total Income	$58,902,808		$83,284,338

Securities Lending (On-Loan/Collateral Summary)

Asset	Securities On-Loan	Collateral Valuation	Percent
Domestic Equity	$3,144,641,249	$3,258,189,634	104%
International Equity	$4,079,955,453	$4,296,938,911	105%
US Treasury	$7,601,212,426	$7,753,783,328	102%
Other Fixed Income Securities	$735,668,191	$750,824,384	102%
Total Value	$15,561,477,318	$16,059,736,256	103%

California State Teachers' Retirement System

Monthly Investment Summary

	Market Value 6/30/2002	Market %	Market Value 4/30/2003	Market %
Liquidity				
CalSTRS - Cash Allocation	1,117,989,679		2,213,893,823	
CalSTRS - US Cash Equitization	115,002,961		109,315,462	
Total Liquidity	1,232,992,640	1.28%	2,323,209,286	2.44%
US Equity				
Active				
Ariel Capital	532,884,490		539,989,053	
BGI - Enhanced	675,540,373		756,560,513	
Brown Capital Management	294,756,056		312,590,635	
Chicago Equity Partners	442,361,062		575,809,996	
Delaware Investment Adv	449,266,098		464,681,348	
Delphi Management, Inc	235,518,707		247,218,121	
Denver Investment Advisors	560,018,659		582,162,047	
DSI International Management	575,461,047		651,901,294	
First Quadrant	549,159,707		689,145,928	
Mellon Capital Management	473,247,024		552,753,284	
NCM Capital Management	356,709,433		377,371,138	
Putnam Investments	258,096,801		288,983,962	
Sasco Capital	856,488,081		804,602,831	
SSgA - Enhanced	729,127,845		798,923,283	
TCW Asset Manangement Co	196,282,326		216,436,144	
UBS Global Asset Mgmt - USEQ	572,647,452		613,190,900	
Passive				
BGI R1000	13,408,281,209		13,550,545,327	
BGI R2000	1,046,298,904		752,193,226	
BGI R2000 Trust	0		222,531,357	
CalSTRS R1000	13,434,186,046		13,576,094,760	
SSgA R2000	1,040,110,237		973,935,544	
Transition				
CalSTRS - Domestic	1,200,256,510		728,275,646	
Total US Equity	37,886,698,067	39.27%	38,275,896,334	40.19%
Non-US Equity				
Active				
Bank of Ireland Asset Management	794,666,110		665,918,570	
Battery March Financial Mgmt Inc.	594,781,961		539,552,515	
Blackrock, Inc.	245,791,581		200,474,211	
Capital Guardian Trust	1,134,873,092		976,709,713	
Columbia Management Advisors Inc.			185,364,108	
Delaware Int'l Advisors Inc.	490,048,938		440,151,561	
Fidelity Management Co.	447,759,714		407,295,783	
Fiduciary Trust	585,003,636		486,989,523	
Goldman Sachs Asset Mgmt	330,412,813		286,094,642	
Lazard Freres	810,387,836		733,467,181	
Marvin & Palmer Assoc, Inc.	366,485,059		289,908,085	
Morgan Stanley	855,483,374		736,841,506	
Nicholas-Applegate Capital Mgmt	400,602,515		342,700,437	

California State Teachers' Retirement System

Monthly Investment Summary

	Market Value 6/30/2002	Market %	Market Value 4/30/2003	Market %
Oechsle International	1,012,123,187		937,468,009	
Schroder Capital	502,487,767		411,239,230	
UBS Global Asset Mgmt - Non-USEQ	776,002,986		666,018,478	
Passive				
BGI - EAFE Index	6,184,994,868		5,369,245,695	
SSgA - EAFE Index	4,085,516,281		3,543,575,244	
SSgA - Emerging Market Index	1,374,711,120		1,363,883,920	
Transition				
CalSTRS International	892,440		17,751	
Total Non-US Equity	20,993,025,278	21.76%	18,582,916,161	19.51%
US Debt				
CalSTRS - Asset Backed	0		227,549,891	
CalSTRS - CMBS	0		325,656,445	
CalSTRS - Corporate Bond Index	9,149,184,318		7,671,780,186	
CalSTRS - Mortgage Bkd Security	8,330,120,492		8,580,625,479	
CalSTRS - Mortgage Loan	775,572,423		661,102,619	
CalSTRS - US Treasury & Agency	8,027,138,703		7,971,396,337	
Hartford Investment Mgmt	283,852,633		322,798,747	
MW Post Advisory Group	197,001,920		274,551,760	
Seix Investment Advisors	302,019,496		391,152,375	
Shenkman Capital Mgmt	0		238,115,168	
Total US Debt	27,064,889,985	28.06%	26,664,729,007	28.00%
Real Estate				
CalSTRS - Real Estate Leverage	0		(1,022,153,500)	
CalSTRS - Real Estate Loans	0		175,507,856	
CB Richard Ellis	1,483,817,472		1,771,693,303	
Clarion Partners, LLC	404,885,523		397,376,203	
Heitman Capital Management	372,049,122		372,064,514	
Lend Lease	1,032,761,076		1,026,185,944	
Lowe Enterprisees Inv Mgmt	152,458,374		158,933,060	
Sentinel Realty Advisors	40,364,292		65,327,147	
Special Situations	457,235,584		687,220,265	
SSR Realty Advisors	838,514,977		793,961,129	
Thomas Properties Group	252,166,640		246,436,107	
Total Real Estate	5,034,253,060	5.22%	4,672,552,027	4.91%
Private Equity				
CalSTRS - Distributed Stock	3,600,758		4,489,241	
Limited Partnerships	4,253,767,275		4,710,298,135	
Total Private Equity	4,257,368,033	4.41%	4,714,787,376	4.95%
Grand Total	96,469,227,063	100.00%	95,234,090,191	100.00%

PLEASE NOTE:

All Figures Include Accruals

The Information contained in this report is UNAUDITED

The Internally Managed Cash Collateral Portfolio is NOT included above.

The Net Asset Value as of 5/31/2003 is $6,702,369,605